

REVENUE

Budget Summary						FTE Position Summary				
Fund	2014-15 Adjusted Base	Request		2015-17 Change Over Base Year Doubled		2014-15	Request		2016-17 Over 2014-15	
		2015-16	2016-17	Amount	%		2015-16	2016-17	Number	%
GPR	\$92,271,000	\$95,229,300	\$95,330,600	\$6,017,900	3.3%	870.53	870.53	870.53	0.00	0.0%
PR	20,037,400	20,555,100	20,623,500	1,103,800	2.8	119.05	119.05	119.05	0.00	0.0
SEG	74,680,100	80,210,300	80,231,400	11,081,500	7.4	106.70	106.70	106.70	0.00	0.0
TOTAL	\$186,988,500	\$195,994,700	\$196,185,500	\$18,203,200	4.9%	1,096.28	1,096.28	1,096.28	0.00	0.0%

Major Request Items

1. STANDARD BUDGET ADJUSTMENTS

Request adjustments to the base budget for: (a) turnover reduction (-\$1,448,000 GPR and -\$127,400 SEG annually); (b) full funding of continuing position salaries and fringe benefits (\$4,585,200 GPR, \$413,000 PR, and \$179,900 SEG annually); (c) reclassifications and semiautomatic pay progression (\$130,900 PR and \$1,800 SEG in 2015-16 and \$190,200 PR and \$8,300 SEG in 2016-17); and (d) full funding of lease and directed moves costs (-\$178,900 GPR, -\$9,600 PR, and -\$28,500 SEG in 2015-16 and -\$77,600 GPR, -\$800 PR, and -\$13,600 SEG in 2016-17).

GPR	\$6,017,900
PR	1,136,700
SEG	73,000
Total	\$7,227,600

2. LOTTERY SALES PROJECTIONS

Projected lottery sales provide the basis for estimating the lottery and gaming property tax credit in the next biennium. In addition, the projected sales directly affect appropriations for retailer compensation and lottery vendor fees. The Department of Revenue's (DOR) request projects sales of \$585.8 million in 2015-16 and 2016-17. The following table shows these projections, as well as 2013-14 actual lottery sales and the 2014-15 sales estimates used to determine base level funding for retailer compensation and vendor fees under 2013 Act 20.

Lottery Sales Projections (\$ in Millions)

Game Type	Actual 2013-14	Act 20 2014-15	DOR 2015-16	Percent Change from 2014-15	DOR 2016-17	Percent Change from 2015-16
Scratch	\$337.7	\$310.6	\$336.2	8.2%	\$336.2	0.0%
Pull-tab	1.2	2.3	1.0	-56.5	1.0	0.0
Lotto	229.9	213.7	248.6	16.3	248.6	0.0
Total	\$568.8	\$526.6	\$585.8	11.2%	\$585.8	0.0%

**3. SUM SUFFICIENT APPROPRIATIONS FOR RETAILER
COMPENSATION AND VENDOR FEES**

SEG	\$10,975,600
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Request \$5,487,800 annually to reestimate lottery sum sufficient appropriations for retailer compensation and vendor fees, as follows:

Retailer Compensation. Request an increase of \$3,984,700 annually to adjust base-level funding for retailer compensation, including payments to retailers under the retailer performance program, to reflect projected lottery sales in the 2015-17 biennium.

Basic retailer compensation rates under current law are 5.5% for lotto ticket sales and 6.25% for instant ticket sales. In addition, the retailer performance program provides an amount of up to 1% of for-profit sales as incentive payments to retailers (estimated at \$5.8 million in 2015-16 and 2016-17, under the request). Base level funding of \$36,826,000, established under 2013 Wisconsin Act 20, was based on estimated lottery sales of \$526.6 million in 2014-15. The Department's lottery sales projections of \$585.8 million in 2015-16 and 2016-17 result in the requested increases to retailer compensation funding.

Vendor Fees. Request an increase of \$1,503,100 annually to adjust base-level funding for vendor fees to reflect projected lottery sales in the 2015-17 biennium. Base level funding for vendor fees is \$13,376,600.

Vendor fees are paid under a major procurement contract for the provision of data processing services relating to both lotto and instant lottery games. The fees are calculated on the basis of a percentage of total ticket sales. Under the request, vendor fees would total 2.5% of lottery ticket sales in both 2015-16 and 2016-17.